

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter Of)	
)	
Updating the Intercarrier)	WC Docket No. 18-155
Compensation Regime to Eliminate)	
Arbitrage)	
)	

REPLY COMMENTS OF O1 COMMUNICATIONS, INC.

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August 3, 2018

O1 Communications, Inc. ("O1") respectfully files these Reply Comments pursuant to the Commission's July 2, 2018 Public Notice¹ and in response to the Commission's May 17, 2018 Notice of Proposed Rulemaking ("Access Arbitrage NPRM").²

I. INTRODUCTION AND SUMMARY

Most Commenters agree that terminating carrier refusals to directly interconnect lead to potential arbitrage opportunities and that the Commission must act to remedy the problem. General consensus is that the Commission should adopt a direct connection rule such as the one proposed by CenturyLink which requires terminating carriers to accept a request for direct interconnection or otherwise bear the financial responsibility to indirectly transport and terminate the traffic to the terminating carrier's network.

Not surprisingly, two Commenters that oppose the proposal are T Mobile and Inteliquent, who are engaged in an exclusive relationship that discriminates against other transit providers and allows Inteliquent to transmit all types of traffic over direct connections, including both Wholesale and Retail Traffic, to T Mobile's multi-million member customer base. The Commission should reject T Mobile's attempts to deflect focus away from its unjust and unreasonable conduct through its false accusations, name calling and confusion of the issues. Contrary to T Mobile's unsupported accusations, Wholesale Traffic is not synonymous with illegal or harassing traffic. Robocalls and other unlawful and harassing calls are not caused by wholesale carriers but by unscrupulous end users and telemarketers. The Commission's ordering direct connections when requested by the originating carrier would not cause a "scourge of

¹ *Wireline Competition Bureau Announces Comment Dates for NPRM on Updating the Intercarrier Compensation Regime to Eliminate Access Arbitrage*, WC Docket 18-155 (rel. July 2, 2018)

² *Updating the Intercarrier Compensation Regime to Eliminate Access Arbitrage*, WC Docket No. 18-155, Notice of Proposed Rulemaking, FCC 18-68 (rel. June 5, 2018) ("Access Arbitrage NPRM").

robocalling, spoofing, fraud and other practices that generate revenue through the billions of calls that nobody wants to receive."³ To effectively treat the underlying issues, the Commission need not reject CenturyLink's direct connection proposal but continue with the industry as a whole to investigate and find solutions to thwart unlawful conduct by harassing and dishonest actors.

As discussed herein, O1 requests that the Commission reject the unsupported accusations in T Mobile's Comments against O1 and other wholesale service providers (sometimes referred to as "intermediate" carriers) and adopt a rule prohibiting terminating carriers, like T Mobile, from refusing requests to directly interconnect for the exchange of all types of traffic or bear the financial responsibility for the transport and termination costs to indirectly route the traffic to the terminating carrier.

II. DISCUSSION

A. Most Commenters Agree That Terminating Carrier Refusals to Directly Interconnect Lead to Potential Arbitrage Opportunities and the Commission Must Act To Remedy the Problem

Commenting parties expressed widespread concern over a terminating carrier's refusal to directly interconnect.⁴ ITTA summed up the problem succinctly, "The refusal by some CMRS carriers to directly interconnect, leading to wasteful inflation of transport costs, also presents an exemplary case of an unjust and unreasonable practice under Section 201 of the Act. It creates

³ T Mobile Comments at 2.

⁴ Comments of HD Tandem, WC Docket No. 18-155 (Jul. 20, 2018) ("HD Tandem Comments"); Comments of CenturyLink, WC Docket No. 18-155 (Jul. 20, 2018) ("CenturyLink Comments"); Comments of Teliix, WC Docket No. 18-155 (Jul. 20, 2018) ("Teliix Comments"); Comments of ITTA – The Voice of America's Broadband Providers, WC Docket No. 18-155 (Jul. 20, 2018) ("ITTA Comments"); Comments of Peerless Network, Inc. and Affinity Network, Inc. d/b/a ANI Networks, WC Docket 18-155 (Jul. 20, 2018) ("Peerless Comments"); Comments of AT&T, WC Docket No. 18-155 (Jul. 20, 2018) ("AT&T Comments"); Comments of Sprint Corporation, WC Docket No. 18-155 (Jul. 20, 2018) ("Sprint Comments").

competitive market distortions between wireline and wireless services, an outcome that the Commission's ICC reforms were precisely designed to eliminate."⁵ Sprint agreed: "Mandating the routing of traffic through a CEA or any other intermediate carrier, whether by regulatory requirement or by demand on the part of a terminating LEC (particularly as part of a scheme to increase its intercarrier compensation revenues), is inefficient and anti-competitive, and any such requirement should be eliminated or overturned."⁶ Even AT&T, Inc., the parent of AT&T Mobility, one of the CMRS providers complained of as an entity that unilaterally disconnected OI's direct connections and insisted that OI's interMTA traffic be routed through a commercial product offered by its affiliate, agrees that permitting the terminating carrier to dictate the transport route used by the originating carrier or interexchange carrier creates ongoing arbitrage opportunities.⁷

Commenters also generally agree that as the carrier that bears the cost of transporting its traffic to its destination point, the originating carrier should have the right to choose the method of interconnection that best serves its needs. AT&T explains, "[u]nder the current Commission rules, there is a disconnect, because an IXC is obligated in most cases to deliver and pay the costs of transporting the call to/from the terminating/originating end office via intermediate carriers, but some terminating/originating carriers and/or intermediate transport providers insist that *they* have the right to dictate the transport route used by the IXC. Unlike the IXCs, the terminating carriers charging for the tariffed tandem and transport services have no incentive to select the most efficient route, based on economic or engineering considerations – to the contrary, certain carriers are seeking to force the use of particular transport routes because they

⁵ ITTA Comments at 8.

⁶ Sprint Comments at 4-5.

⁷ AT&T Comments at 21-22.

will be able to collect or share in tariffed tandem and transport charges."⁸ Sprint comments, "The decision to use, or not use, an intermediate carrier is a network management determination which should be left to the discretion of the originating interexchange or CMRS carrier."⁹

These concerns lead to general support for CenturyLink's proposed rule discussed in the *NPRM* at paragraph 30, which would require that a terminating carrier that refuses a request for direct interconnection to bear the costs for transporting and terminating the traffic to the called party.¹⁰ Once again, AT&T's Comments are representative of the general consensus: "The industry needs solutions that will bring rationality to the market. Specifically, the Commission should clarify that in situations where the IXC is financially responsible for calls to or from a LEC or CMRS carrier, the IXC has the right to choose to directly connect with the LEC's or CMRS carrier's end office (or the equivalent) or to select the intermediate access provider that the IXC prefers – based upon justifiable transport costs and the IXC's routing and economic preferences. Moreover, should the IXC request direct connection with the LEC or CMRS carrier, and that request is denied, the financial responsibility for delivering and terminating that traffic should shift to the LEC or CMRS carrier."¹¹

⁸ AT&T Comments at 22.

⁹ Sprint Comments at 5.

¹⁰ In its Opening Comments, O1 endorsed the Direct Connect Rule proposed by a group of CLECs in response to the Commission's previous request for the record to be refreshed on intercarrier compensation issues, WC Docket No. 10-90, CC Docket No. 01-92, which includes a volume minimum of 200,000 MOUs sustainable average over a 30-day period for all traffic. O1's Comments at 10-11. O1 continues to support the Carrier Coalition proposal but O1 also endorses the proposal set forth by the Commission in its *NPRM*, offered by CenturyLink, which is aimed to combat the same problem. Whichever proposal the Commission adopts, O1 requests that in addition to adopting a rule, the Commission include clear guidelines on how the process would work and a mechanism to enforce the rule. O1 Comments at 11-12.

¹¹ AT&T Comments at 24. CenturyLink's proposal is not limited to interexchange carriers. This rationale applies to all types of carriers.

Parties agree that adopting CenturyLink's proposal would limit the arbitrage opportunities that exist today involving the refusal of terminating carriers to directly interconnect. ITTA explains, "[i]n this case, restoring the efficiency of direct connections to these routes, with a CMRS carrier's financial responsibility to completely cover the costs related to the termination of traffic from a point of indirect interconnection caused by the CMRS carrier as a critical backstop, would ensure that the Commission's arbitrage inhibition aims are realized."¹² Not only would these arbitrage opportunities be minimized, adopting a direct connection requirement such as the one proposed by CenturyLink, would promote efficient traffic routing, sufficient network redundancy and healthy competition.¹³ Network redundancy decreases the risk to public safety and exposure to service disruptions and healthy competition forces rates downward to competitive levels, both of which ultimately benefit consumers.¹⁴ Lastly, adopting CenturyLink's proposed direct connect rule will increase incentives for, and remove barriers to facilities investment and the IP transition. Peerless explains, "by eliminating monopoly bottlenecks and increasing competitive alternatives to terminate traffic, the rates to terminate traffic will decrease, which will thereby free up funds for investment in IP-based networks and interconnects."¹⁵

CenturyLink and others have also demonstrated that the Commission has the legal authority to adopt a proposal such as CenturyLink's, which requires carriers to accept requests for direct interconnection under Sections 251(a), 201(b) and 332 of the Communications Act.¹⁶ "The Commission's legal authority to adopt the CenturyLink two-pronged direct connect

¹² ITTA Comments at 6-7.

¹³ Peerless Comments at 4-8.

¹⁴ *Id.*

¹⁵ *Id.* at 8.

¹⁶ CenturyLink Comments at 14-18; ITTA Comments at 7.

proposal is also well-grounded. CenturyLink has previously detailed the legal authority basis for that proposal. As described there, the Commission can adopt the proposed framework under its general section 201 rulemaking authority to implement its bill-and-keep ICC framework adopted pursuant to sections 251, 201 and 332."¹⁷

For all the reasons set forth in OI's Comments as well as those echoed by the majority of Commenters on this issue, the Commission should adopt a direct connection rule such as the one proposed by CenturyLink, or the alternative proposed in previous comments by a coalition of CLECs,¹⁸ which requires terminating carriers to accept a request for direct interconnection or otherwise bear the financial responsibility to indirectly transport and terminate the traffic to the terminating carrier's network.

B. The Commission Should Include Mechanisms to Enforce Any Direct Connection Rule Adopted

In addition to adopting a rule, in order to combat improper self-help tactics that continue to plague the intercarrier compensation system, the Commission must also adopt mechanisms to ensure that its rules are enforceable and enforced without the need for a carrier that is harmed by these self-help tactics to engage in prolonged and expensive litigation simply to enforce the rule.¹⁹ Teliix reminds the Commission that a failure to acknowledge and affirmatively condemn self-help tactics employed by one carrier's refusal to comply with Commission rules, such as the refusal to pay lawful access rates, harms competition and consumers through increased prices and reduced spending on innovation and new technology.²⁰ As explained by HD Tandem, "[b]y utilizing good faith benchmarks, burden shifting, and sure enforcement, the Commission

¹⁷ CenturyLink Comments at 14.

¹⁸ OI Comments at 10-12.

¹⁹ Comments of Teliix, Inc. WC Docket No. 18-155 (Jul. 20, 2018) at 17-18; ("Teliix Comments"); HD Tandem Comments at 17.

²⁰ Teliix Comments at 17-18.

can act in a way that fosters efficient direct, or partner-based direct equivalent interconnection arrangements."²¹ O1 supports CenturyLink's proposed implementation process.²² O1 also requests that as part of this rulemaking, the Commission reinforce its condemnation of self-help tactics engaged in by carriers that refuse to comply with Commission rules and ensure that carriers harmed by self-help may seek recourse through an expedient and inexpensive process.

C. The Commission Should Reject T Mobile's Attempts to Deflect Focus Away From Its Unjust and Unreasonable Conduct

In an obvious attempt to shift Commission attention away from its unjust and unreasonable conduct and justify its wrongful actions, T Mobile accuses O1 and Peerless, two of its outspoken victims, of trying to leverage the regulatory process to gain an unfair competitive advantage.²³ These accusations are particularly offensive in light of the widespread support of a direct connection requirement and the prevalent recognition in the industry that arbitrage results from a terminating carrier's, such as T Mobile's, refusal to allow direct interconnection. O1 denies T Mobile's accusation that its request to directly interconnect to T Mobile was motivated by an intent to gain an unfair competitive advantage. If this were true, O1 certainly would not file public comment and multiple public ex partes discussing these issues. To the contrary, O1 is simply requesting that the Commission adopt rules to ensure a level playing field that allows O1 (and other carriers) to continue to compete in the telecommunications market and provide local and long distances services to its customers.

1. Wholesale Traffic Is Not Synonymous With Illegal or Harassing Traffic

²¹ HD Tandem Comments at 17.

²² CenturyLink Comments at 12-13.

²³ Comments of T Mobile USA, Inc. WC Docket No. 18-155 (Jul. 20, 2018) ("T Mobile Comments") at 2-9.

T Mobile explains in its Comments that it permits direct interconnection with other carriers in limited circumstances, including accepting only "Retail Traffic" over the direct connections. "Wholesale Traffic" must be separately routed over indirect routes that ultimately lead to Inteliquent's network, which is the only route over which such "Wholesale Traffic" can reach T Mobile's multi-million member customer base.²⁴ T Mobile attempts to justify its forced indirect routing practices by labeling "Wholesale Traffic" as synonymous with unlawful traffic and accusing carriers that provide wholesale services as nefarious evil doers. The Commission should reject such gamesmanship.

T Mobile condemns O1 and Peerless for carrying "Wholesale Traffic" on their networks, i.e., traffic that originates from end users of carriers and VoIP service providers that are not served directly by O1 and Peerless.²⁵ In addition to inaccurately describing O1's customer base as exclusively "Wholesale," T Mobile misrepresents the nature of "Wholesale Traffic" to be predominantly unlawful Robocalls and other fraudulent traffic, which it self-servingly also labels "Dirty Traffic."²⁶ While O1 acknowledges that T Mobile's initial definition of "Wholesale Traffic" is a common definition, O1 emphatically disagrees with T Mobile's use of the term throughout its Comments as synonymous with illegal Robocalling, spoofing or otherwise harassing and unlawful conduct. Contrary to T Mobile's unsupported accusations, O1's wholesale services are akin to those of numerous other carriers in the industry and serve useful purposes.

Indeed, as explained by CenturyLink in its 2016 informal complaint proceeding against T Mobile, carriers are often both providers of, and customers of wholesale services. "CenturyLink's

²⁴ Id. at 3.

²⁵ Id.

²⁶ Id. at 13.

services include both retail services (where CenturyLink provides long distance service to another carrier's local end user customer) and wholesale services (where CenturyLink agrees to carry a call that was originated by another IXC's retail customer and assumes responsibility for termination of the call.)" CenturyLink continues, "In both scenarios (retail and wholesale), CenturyLink must ultimately, in order to provide its services and complete phone calls, accomplish a connection to the terminating carrier in order to terminate traffic. And, historically, it does so via a variety of different relationships – depending upon the location of the called party for a given call flow."²⁷

"For some locations, CenturyLink may decide to utilize an intermediate carrier tandem services [wholesale services] and incur the usage-based costs of those tandem services. But, it does so because other options are either not available or are cost prohibitive. In other locations, it chooses to establish direct connections because the volume of traffic that it terminates to a given carrier warrants the build-out of that direct network connectivity. In other locations, it is most efficient for CenturyLink to make use of the direct connections of other carriers [wholesale services] who have invested to enable their existence."²⁸ In other words, wholesale services, like those provided by O1, enable providers to service their customers fully and to complete calls. In some locations, the provider serving the end user uses wholesale services because direct connections to the called party's network are unavailable or cost prohibitive or because it is most efficient for the carrier to take advantage of investments made by another carrier. In those situations, wholesale services provide the cheapest and most efficient alternative. Wholesale service providers like O1 also serve as the primary network for thousands of small competitive

²⁷ Informal Complaint by CenturyLink Communications, LLC Against T Mobile USA, Inc. and Request for Mediation (Redacted Version) dated November 10, 2016 at 3.

²⁸ Id. at 4.

providers, including VoIP providers, which do not operate their own network for a variety of reasons, including lack of desire to operate a network, lack of funds to invest in a network, or the inability to obtain interconnection to the PSTN. But for the wholesale services of O1 and others, these small providers would not be able to operate and provide a competitive choice to consumers.

In short, contrary to T Mobile's unsupported condemnation, O1 earns its revenue, not by offering services to unscrupulous end users who aim to route unlawful traffic over O1's network, but by offering legitimate, much needed wholesale/intermediate services similar to those offered by numerous other carriers.

2. Robocalls And Other Unlawful And Harassing Traffic Are Not Caused By Wholesale Or Intermediate Carriers

As the Commission is well aware, the industry and the Commission are currently working hard to address issues relating to Robocalling and other unlawful and harassing traffic. Contrary to the main theme in T Mobile's Comments, the illegal Robocalling is caused not by carriers who accept traffic from other carriers or VoIP providers. Dishonest end users cause the harm, not wholesale/intermediate carriers. In fact, often Robocalling is caused by unscrupulous marketing practices; ironically, marketing company traffic would be classified as "Retail Traffic," not "Wholesale Traffic" under T Mobile's definitions and therefore could be routed over direct interconnections.

In adopting its first set of rules to combat illegal Robocalls, the Commission enabled voice service providers not to block "Wholesale Traffic" but to block calls "from phone numbers on a Do-Not-Originate (DNO) list and those that purport to be from invalid, unallocated, or

unused numbers."²⁹ In its Robocalling Order, the Commission describes the targeted unlawful conduct as follows:

Illegal Robocalls can take many forms, but perhaps the most pernicious are those that try to lure consumers into scams, including identity theft. One example is the “IRS scam,” in which callers pretend to be representing the IRS and claim the called party owes back taxes, with the goal of obtaining money or personal information from the victim. These calls can be particularly deceptive if the illegal robocaller is able to “spoof” the number so that it appears in the victim’s Caller ID display as being from the IRS. Another scam involves fraudsters tricking consumers by claiming a young family member is in jail and needs bail money. In the year since August 1, 2016, we have received nearly 185,000 complaints about calls that consumers did not want. Stopping illegal Robocalls and the problems they cause has united industry, government, and consumer groups.

Caller ID spoofing is often the key to making robocall scams work. Generally, Caller ID services permit the recipient of an incoming call to know the telephone number of the calling party, and in some cases a name associated with the number, before the recipient answers the call. But Caller ID information can be altered or manipulated, *i.e.*, spoofed, so that the name or number displayed to the called party does not match that of the actual subscriber or the actual originating number. Though callers can use spoofing to mislead or even defraud the called party, there are legitimate uses for spoofing.³⁰

Therefore, suppressing or disadvantaging wholesale services does not solve this problem; rather, as the Commission has proposed, developing industry systems and practices specifically aimed to minimize the improper use of telephone numbers will address the issue. The Robocalling Order explains:

To combat the robocall problem in a coordinated way, industry established the Robocall Strike Force (Strike Force) in 2016. The Strike Force includes representatives from providers of traditional landline, mobile, and Voice over Internet Protocol (VoIP) services, handset manufacturers, operating system developers, and VoIP gateway providers. The Strike Force has said that “Robocalls are best addressed in a holistic manner through deployment of a wide variety of tools by a broad range of stakeholders” that includes industry blocking

²⁹ *In the Matter of Advanced Methods to Target and Eliminate Unlawful Robocalls*, Report and Order and Further Notice of Proposed Rulemaking, CG Docket No. 17-59 (rel. Nov. 17, 2017) (“Robocalling Order”) at para. 1 (footnotes omitted).

³⁰ *Id.* at paras. 2 and 3 (footnotes omitted).

of calls. On October 26, 2016, it published the Robocall Strike Force Report (Strike Force Report). The Strike Force specifically asked the Commission to provide guidance on when providers may block a call that the provider believes is illegal.³¹

In fact, the Commission also warns against over-expanded practices that may result in the blocking of legitimate traffic:

In this *Report and Order*, we adopt rules to give voice service providers the option of blocking illegal Robocalls in certain, well-defined circumstances. By doing so, we further our goal of removing regulatory roadblocks and give industry the flexibility to block illegal calls. At the same time, we affirm our commitment to protect the reliability of the nation's communications network and ensure that provider-initiated blocking helps, rather than harms, consumers. The rules we adopt today outline specific, well-defined circumstances in which voice service providers may block calls that are highly likely to be illegitimate because there is no lawful reason to spoof certain kinds of numbers. Thus, a provider who blocks calls in accordance with these rules will not violate the call completion rules. Conversely, a provider that blocks calls that do not fall within the scope of these rules may be liable for violating the Commission's call completion rules.³²

T Mobile's definition of Robocalling to be synonymous with "Wholesale Traffic" overstates the classification of problem traffic and should not be used to regulate the exchange of Wholesale Traffic.

As O1 explained in its Opening Comments, contrary to T Mobile's charge that wholesale service providers have no incentive to block unlawful traffic, both retail and wholesale/intermediate carriers alike have economic incentives to limit unlawful traffic from their networks in order to provide the highest quality services to their customers. If one network is frequently subject to more fraudulent traffic or Robocalls than others, customers will naturally avoid that network and choose to route their traffic to networks that do not subject their customers to such abuse.

³¹ Id. at para. 5 (footnotes omitted).

³² Id. at para. 9 (footnotes omitted).

O1 is, and has been for years, working with industry groups to address this widespread problem, which plagues both retail and wholesale services. O1 meets weekly with industry stakeholders to share information about suspicious calling patterns and intends to participate and stay abreast of industry problem solving discussions on Robocalling through the small CLEC representative to the industry committee appointed by the Commission to devise the best solutions to combat unlawful traffic. O1 also has mechanisms in place and specific practices and procedures to recognize, investigate and block suspicious calls from its network, including terminating the services of customers that are found to generate unlawful traffic.

In sum, the Commission's ordering direct connections when requested by the originating carrier would not cause a "scourge of robocalling, spoofing, fraud and other practices that generate revenue through the billions of calls that nobody wants to receive."³³ The "Wholesale Traffic" excluded by T Mobile's practice includes legitimate traffic from other carriers and small competitive carriers and VoIP providers who would not otherwise be able to deliver their calls to the world. These include calls destined to T Mobile customers from friends and family, businesses, doctors, nurses, lawyers, teachers, employees, employers, and other desirable callers. "Wholesale Traffic" is not the same as telemarketing traffic or other fraudulent types of traffic.

To effectively treat the underlying causes of harm caused by Robocallers and the like, the Commission need not reject CenturyLink's direct connection proposal but instead investigate and hinder methods used by the sources of the unwanted traffic, which is the task addressed by the Robocalling Order and assigned to the industry task force.

3. T Mobile's Refusal to Accept Wholesale Traffic Over Direct Connections Is Inefficient and Discriminatory

³³ T Mobile Comments at 2.

T Mobile's refusal to permit both Retail and Wholesale Traffic to be transmitted over direct connections requires carriers to connect with T Mobile inefficiently using two methods of interconnection instead of one -- direct connections and indirect connections. The indirect connection forces "Wholesale Traffic" to be transmitted exclusively through connections to Inteliquent. The traffic still reaches T Mobile customers but through a less efficient, more costly means than the direct connection. In addition, requiring the traffic to route through Inteliquent's "Homing Tandem" not only increases the per minute of use cost but also imposes unnecessary transport costs on originating carriers.

At page 8 of T Mobile's Comments, T Mobile once again unfairly attacks Peerless and O1: "Peerless and O1, both of which rely on Wholesale Traffic to generate profit, have also perpetuated demonstrably false claims about Inteliquent's rate-setting practices." This statement is not only false and completely unsupported by evidence, but is also misleading in several ways. First, as demonstrated above, O1 does not rely upon illegal Robocalling and other forms of illegal spoofing or fraudulent traffic to generate profit. Second, Inteliquent's rate setting practice described both in T Mobile's Comments and in Inteliquent's Comments is limited to Inteliquent's TDM-based tariffed offerings. O1's outspoken complaints about increases in rates to terminate traffic to T Mobile after it disconnected O1's direct connections, related *not to Inteliquent's TDM based tariffed rates but to the rate increases that applied to Inteliquent's IP based commercial products*. In an obvious attempt to discredit O1 and its complaints, T Mobile and Inteliquent fail to disclose T Mobile's universal disconnections of the then existing direct connections and the corresponding significant rate increases imposed by Inteliquent for its IP based commercial services to terminate traffic to T Mobile.

T Mobile and O1 had been directly interconnected through IP based connections that permitted the exchange of all traffic – wholesale and retail, local and long distance – at bill and keep. O1 also had (and still has) an IP based commercial contract with Inteliquent that, prior to announcement of T Mobile's exclusive contract, had included rates *multiples less* than Inteliquent's TDM-based tariffed rates discussed in the Comments. T Mobile not only disconnected O1's direct connections but after it announced its exclusive relationship with Inteliquent, it disconnected the then existing direct connections of most carriers. After these direct routes were terminated, Inteliquent's IP based commercial rates to O1 increased significantly. Routing traffic to T Mobile pursuant to Inteliquent's commercial produce was then, and continues to be, in most cases, more expensive than routing the traffic indirectly through the TDM-based networks of the incumbent local exchange carriers (which are the same rates that Inteliquent's tariffed rates mirror).

In sum, O1 did not falsely represent that its costs rose substantially after the disconnection of T Mobile's direct connections. They did. Instead of routing traffic over an inexpensive IP based connection with T Mobile at bill and keep, T Mobile's disconnection of the direct connections forced O1 to route traffic to T Mobile through the TDM based PSTN at TDM based transit and tariffed switched access rates or through Inteliquent's commercial product at significantly increased rates.

The Homing Tandem arrangement described in T Mobile and Inteliquent's Comments not only is an increase in per minute of use charges to reach T Mobile customers, but a carrier would also need to purchase new transport to Inteliquent's switches, which are not necessarily in the same locations of the competing ILEC switches, where most carriers are currently connected. Routing traffic through the "Homing Tandem" configuration described by T Mobile and

Inteliquent essentially requires carriers to build a second TDM based network to transmit traffic indirectly to T Mobile's customers. Thus, rather than furthering the Commission's goals to facilitate the IP transition,³⁴ the Homing Tandem configuration hinders the IP transition and increases costs to reach T Mobile's multi-million member customer base.

Forcing the routing of Wholesale Traffic through Inteliquent also harms competition in the competitive transit market since T Mobile thereby treats Inteliquent favorably vis-a-vis its treatment of other competitive transit providers. T Mobile permits Inteliquent's wholesale customers to route their traffic over direct connections but all other carriers must route their Wholesale Traffic over indirect connections, increasing costs to Inteliquent's competitors and their customers. In addition, rather than improving service quality, as alleged by T Mobile, this requirement reduces service quality to wholesale customers that are not customers of Inteliquent by injecting at least one additional "hop" to reach the called party.

T Mobile claims that designating Inteliquent as its Homing Tandem enables it to rely on the anti-fraud and anti-Robocalling tools that Inteliquent offers.³⁵ Most carriers use tools to protect against fraud and Robocalling. Inteliquent's competitors likely currently, or if requested, would employ the same or similar practices employed by Inteliquent to combat unlawful traffic. This is no justification for discriminating against Inteliquent's competitors and their customers through restricting their direct connections to Retail Traffic.

In short, adopting a direct connection rule prohibiting terminating carriers, like T Mobile, from refusing to interconnect directly for all types of traffic would inhibit discrimination in the competitive transit market and prevent schemes that unnecessarily impose inefficient routing practices on originating carriers and their customers.

³⁴ T Mobile Comments at 9.

³⁵ Id. at 7.

III. CONCLUSION

The Commission should grant the requests of most Commenters who supported CenturyLink's proposed direct connection rule and reject unsupported accusations of T Mobile that adopting such a rule would proliferate instances of Robocalling and other forms of unlawful traffic.

As set forth in its Opening Comments, O1 supports the Commission's efforts to curb abuses that exist with interconnection and intercarrier compensation. O1 urges the Commission to adopt a rule that prevents terminating carriers from refusing to accept requests for direct interconnection from carriers serving the calling party that today bear the costs of interconnection. Under the current Commission rules, some terminating carriers refuse requests for direct interconnection, forcing the sending carriers to use inefficient and costly arrangements to deliver traffic to their networks. A rule requiring direct interconnection when requested by a sending carrier would prevent these harmful tactics and (i) promote healthy competition in the transit market, which will drive costs down, improve service quality and spur innovation and (ii) further redundancy, which promotes public safety and reduces traffic congestion problems, such as network outages and traffic disruptions.

Dated this 3rd day of August 2018.

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